

REMARKS

Double Patenting Rejection

Enclosed at Exhibit A are two (2) terminal disclaimers for the provisional double patenting rejections.

Section 103 Rejections

In the Office Action, claims 1-25 and 33-51 stand rejected under 35 U.S.C. § 103(a) as being obvious in view of a proposed combination of published U.S. patent application Pub. No. 2006/0218069 to Aberman et al and published U.S. patent application Pub. No. 2002/0138382 to Seaman. Applicants traverse the rejections as follows.

Claim 1 is directed to a financial unit that comprises a fixed income security and a separable forward purchase contract. The forward purchase contract “obligates the issuer of the unit to pay a purchaser of the unit a forward purchase contract payment at issuance of the unit.” The cited references do not teach or suggest this feature of claim 1.

Aberman involves a real estate investment trust (“REIT”) that issues shares of preferred stock, which can have an associated forward purchase contract or a warrant. *See* Aberman at Abstract. However, as admitted by the Examiner, “Aberman et al. do not teach the forward purchase contract further obligates the issuer of the unit to pay a purchaser of the unit a forward purchase contract payment at issuance of the unit.” *See* Office Action at pg. 3 (emphasis in original).

Seaman also does not teach this feature of claim 1. Instead, Seaman merely discloses that an exchangeable security may be purchased by an investor for a discounted price. *See* Seaman at ¶ [0011]. The Office, however, contends that the “exchangeable securities offered at discount for exchange with underlying securities is equivalent to issuer paying purchaser at issuance of

the unit.” See Office Action at ¶ 3, p.4. Thus, the Office concludes that claim 1 would have been obvious.

The Office’s logic is flawed for at least two reasons.

First, a discounted security is not the equivalent of a forward contract payment because the forward contract payment, in the context of the unit of claim 1, results in entirely different tax consequences. As explained in ¶ [0013] of the present application, for a given transaction price for the unit, the principal amount of the fixed income security (one of the components of the claimed unit) may be relatively higher when coupled with the forward purchase contract payment. See also ¶¶ [0022]-[0026] of the present application (further explaining the tax advantages). As a result, the periodic interest payments on the fixed income security after issuance will be greater, meaning that greater tax deductions may be realized for the issuer (as interest paid on fixed income securities is generally tax deductible under current U.S. tax law). This increases the absolute amount of the tax deductions available to the issuer and the relative proportion of total payment made by the issuer that are tax deductible.

Second, if a person of ordinary skill in the art combined the teachings of Aberman and Seaman, the result would be a discounted price for Aberman’s units – not a forward purchase contract payment paid by the issuer. The combination of Aberman and Seaman, therefore, would not lead a person having ordinary skill in the art ineluctably to the unit of claim 1, where the issuer makes a forward purchase contract payment at issuance. Rather, the person of ordinary skill, based on Aberman and Seaman, would merely have been motivated to reduce (or discount) the price of the unit of claim 1. This would not result in the tax advantages address in the point above.

Therefore, applicants submit that claim 1 and its dependent claims are not obvious are not obvious in view of the cited references. Furthermore, applicants submit that independent claims

10, 33-34, and 43, and their respective dependent claims, are not obvious in view of the cited reference for analogous reasons.


CONCLUSION

Applicants respectfully submit that all of the claims presented in the present application are in condition for allowance. Applicants' present Response should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to specifically address all such assertions and statements in subsequent responses. Applicants also reserve the right to seek claims of a broader or different scope in a continuation application.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Respectfully submitted,

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APPENDIX